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# III. U.S. Trade in 1997

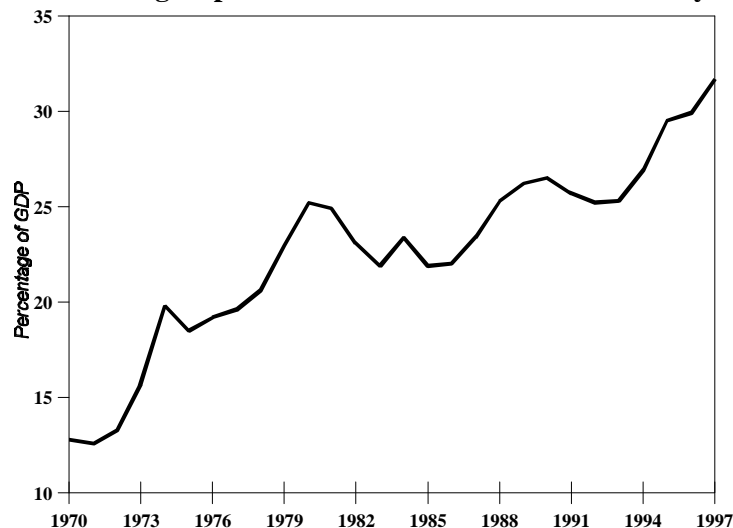
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Total U.S. trade (exports and imports of goods and services, and earnings and payments on foreign investment)<sup>1</sup> has increased more than nineteen-fold since 1970, 62 percent between 1992 and 1997, and 11.1 percent in 1997 alone reaching a record \$2.6 trillion. The continued U.S. economic expansion through 1997, together with growing foreign demand for U.S. products, especially by Mexico and other low and middle income countries, accounted for the additional increases in U.S. exports and imports during

1997. Growth in trade, in both nominal and real terms, has been more rapid than the overall U.S. economy. In nominal terms, trade has grown at an annual average rate of 11.6 percent per year since 1970, compared to U.S. gross domestic product (GDP) at 7.9 percent. In real terms, the growth in trade has more than doubled the growth in GDP, 6.5 percent to 2.8 percent. The value of total trade, compared to the value of GDP, reached 32 percent during 1997, as compared to 25 percent in 1992, and 13 percent in 1970 (*figure 1*).

**Figure 1:**

**Growing Importance of Trade in the U.S. Economy**



**Total exports + total imports as a percentage of the value of U.S. GDP**

**Source: U.S. Department of Commerce**

<sup>1</sup> Earnings on foreign investment are considered trade because they are conceptually the payment made to foreign residents for the service rendered by use of foreign capital. The rest of this chapter, however, deals with goods and services trade, excluding foreign investment earnings.

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U.S. exports of goods and services in 1997 climbed 9.7 percent to reach \$931 billion. This represents 43 percent faster growth than 1996's 6.8 percent increase. U.S. exports of goods and services have increased by 51 percent since 1992. Over one-third of the increase in U.S. real GDP since 1992 has come from export expansion.

Foreign demand for U.S. exports in 1997 was aided by continued competitiveness of U.S. producers and, some improvements in foreign growth despite some real appreciation of the foreign exchange value of the dollar. Recent foreign market opening agreements (e.g., ongoing implementation of NAFTA, Uruguay Round, sectoral agreements such as telecommunications and information technology, and a number of bilateral agreements) also contributed to the strength of U.S. exports in 1997. U.S. goods export growth was led by sales of capital goods, auto and auto parts, and consumer goods, increasing 16.2, 12.8, and 10.4 percent, respectively.

Goods exports to low and middle income countries grew 13.2 percent in 1997, surpassing the 8.1 percent growth in exports to high income countries. Growing markets in the world's low and middle income countries -- primarily Mexico, but also Argentina and Chile in Latin America, and the Philippines, Singapore, and Thailand in East Asia-- increasingly absorbed U.S. exports. Low and middle income countries, especially in the Pacific Rim and Latin America, even while recent, and hopefully temporary economic turmoil in Southeast Asia, are likely to remain the major contributors to U.S. export growth in the years to come. About 85 percent of total world population is in low and middle income countries, which import more than \$1 trillion a year from high-income industrialized countries. Of the more than 30 million people who join the world's middle class annually, an estimated three quarters are found in emerging markets and other low and middle income countries. More than 43 percent of U.S. exports currently go to such countries. Extensive infrastructure/economic development needs in low income countries, coupled with U.S. preeminence in many capital goods markets, suggest that the United States

remains in an excellent position to continue benefitting from rapid growth in the low and middle income countries of the world.

Imports of goods and services grew 8.9 percent in 1997 to \$1.0 trillion, slightly more than the 7.1 percent rate the preceding year. U.S. imports of goods and services have increased by more than 59 percent since 1992.

Goods import growth was led by purchases of consumer goods, up 12.8 percent, encouraged by the ongoing expansion of the U.S. economy in 1997. Imports of capital goods increased by 11.0 percent in 1997. Capital goods and industrial supplies and materials currently account for more than one-half of U.S. imports, these goods have accounted for nearly 60 percent of the dollar increase in U.S. goods imports during the expansionary years from 1992 to 1997.

The fastest growing sources of goods imports in 1997 were from China and Mexico, up 21.4 and 15.5 percent, respectively. Since 1992, U.S. imports from Mexico have more than doubled, especially strengthened by Mexico's international liquidity difficulties culminating in a sharp depreciation of the peso in December 1994 (Exports to Mexico, however, grew faster than imports from Mexico in both 1996--22.7 percent versus 19.6 percent--and 1997--25.7 percent versus 15.5 percent). U.S. imports from Latin America (excluding Mexico) increased by 8.3 percent in 1997. Imports from Japan, our second largest supplier after Canada, increased 5.4 percent in 1997, after declining 6.7 percent in 1996.

Despite U.S. export growth continuing to outpace imports, the total deficit on trade in both goods and services rose from \$111 billion in 1996 (1.5 percent of GDP) to \$114 billion in 1997 (1.4 percent of GDP). The U.S. deficit in goods trade increased, from \$191 billion in 1996 to \$199 billion in 1997. More than half the increase in the goods deficit was offset by an increase in the surplus on trade in services, which rose from \$80 billion to \$85 billion.

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## Goods Trade

### Export Growth

U.S. goods exports grew 10.8 percent in 1997, nearly 70 percent greater than the rate of growth in 1996 (6.3 percent). For 1997, the rate of growth of goods exports exceeded that of imports. Exports to high income trading partners grew somewhat faster, 8.1 percent, than growth in imports from these countries, 7.9 percent.

Growth in exports of capital goods, auto and auto parts, and consumer goods was strong (16.2, 12.8, and 10.4 percent, respectively) in 1997 (*table 1 and figure 2*). Industrial supplies and materials exports increased by 7.0 percent. Since 1992, exports of capital goods have risen 67.1 percent, accounting for 43 percent of total goods exports in 1997. Moreover, since 1992, agricultural and manufacturing exports have grown by 32 and 60 percent, respectively. Exports of advanced technology products (a part of manufactured exports) increased by 16 percent in 1997, and by more than 67 percent since 1992.

Factors contributing to the continued export growth in 1996:

- increased competitiveness of U.S. products;
- continued recovery of the Mexican economy;
- continued recovery of growth in a number of high income countries;
- continued growth of sales to the low and middle income countries of the world; and
- reduction of trade barriers through numerous bilateral and multilateral trade agreements.

Sales to Japan, after increasing 5.1 percent in 1996, decreased 2.9 percent in 1997 (to \$65.7

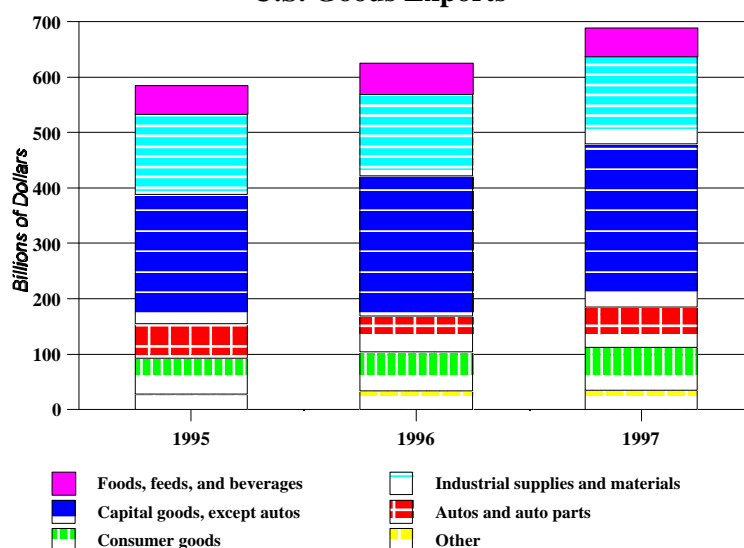
billion) and accounted for 9.7 percent of 1997 U.S. goods exports (*table 2*). This decrease was due in part to lower growth in Japan in 1997 (0.6 percent), after relatively good growth performance in 1996 (4.1 percent) and the continuing appreciation of the U.S. dollar from a low of 84 yen per dollar during second quarter of 1995 to 125 yen per dollar in fourth quarter 1997 (a 49 percent appreciation of the dollar). Exports to Japan declined 2.9 percent, while imports grew 5.4 percent in 1997. Since 1992, exports to Japan have risen 37.5 percent, fourth only after Mexico, China, and Canada, despite Japan's generally anemic economic growth over this period. Real industrial production, for example, has grown nearly four times faster in the United States than in Japan since 1992. Continued growth of the Canadian economy in 1997 resulted in a 12.8 percent increase in U.S. goods exports to Canada (our largest trading partner). Since 1992, exports have increased 68.0 percent, and 22 percent of U.S. goods exports last year went to our northern neighbor. Mexico surpassed Japan as our second largest export market, reaching \$71.4 billion in 1997. Exports to NAFTA partners increased 16.7 percent in 1997 and are up 57.1 percent since NAFTA entered force. Nearly 50 percent of our growth in U.S. exports in 1997 has been to NAFTA countries, compared to nearly one-third of our import growth coming from NAFTA countries.

**Table 1:  
U.S. Goods Exports**

Exports:	1995	1996	1997	96-97	92-97
				<i>Percent Change</i>	
<b>Total (BOP basis)</b>	575.9	612.1	678.1	10.8%	54.0%
<b>Food, feeds, and beverages</b>	50.5	55.5	51.4	-7.5%	27.5%
<b>Industrial supplies and materials</b>	146.2	147.7	158.0	7.0%	44.8%
<b>Capital goods, except autos</b>	233.0	252.9	294.0	16.2%	67.1%
<b>Autos and auto parts</b>	61.8	65.0	73.4	12.8%	56.2%
<b>Consumer goods</b>	64.4	70.1	77.4	10.4%	50.6%
<b>Other</b>	28.7	33.8	34.6	2.2%	41.8%
<b>Addendum: Agriculture</b>	56.0	60.6	57.1	-5.8%	32.5%
<b>Addendum: Manufacturing</b>	486.7	524.7	591.2	12.7%	60.4%
<b>Addendum: High technology</b>	138.5	154.9	179.3	15.8%	67.4%

Source: U.S. Department of Commerce, Balance of Payments Basis for Total, Census Basis for Sectors.

**Figure 2:  
U.S. Goods Exports**



Source: U.S. Department of Commerce, Census Basis

<b>Table 2:</b> <b>U.S. Goods Exports to Selected Countries/Region</b>					
<b>Exports to:</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>96-97</b>	<b>92-97</b>
	<i>Billions of Dollars</i>			<i>Percent Change</i>	
<b>Canada</b>	127.2	134.2	151.5	12.8%	68.0%
<b>European Union</b>	123.7	127.7	140.8	10.3%	30.7%
<b>Japan</b>	64.3	67.6	65.7	-2.9%	37.5%
<b>Mexico</b>	46.3	56.8	71.4	25.7%	75.8%
<b>China</b>	11.8	12.0	12.8	6.8%	71.4%
<b>Pacific Rim, except Japan or China</b>	104.5	108.6	115.4	6.3%	66.8%
<b>Latin America, except Mexico</b>	50.0	52.6	63.0	19.8%	79.4%
<b>Addendum: High Income Countries</b>	341.7	360.2	389.5	8.1%	45.3%
<b>Addendum: Low to Middle Income Countries</b>	242.5	264.2	299.0	13.2%	66.4%
<b>Addendum: APEC</b>	364.3	390.6	428.4	9.7%	63.5%
<b>Source: U.S. Department of Commerce, Census Basis</b>					

Goods exports to low and middle income countries increased 13.2 percent in 1997. Leading this growth were exports to Mexico, which boomed by 25.7 percent, or nearly \$15 billion, in 1997. Exports to Mexico, at \$71.4 billion, the highest level ever, were 72 percent higher than in 1993, the year before the beginning of NAFTA implementation.

The effect of NAFTA on U.S. exports to Mexico is nowhere more visible than in 1995-1997. In previous peso crises, Mexico raised many tariffs to levels as high as 100 percent and administratively cut off access for many U.S. exports. During 1995-1997, Mexico continued to cut tariffs vis a vis the United States in line with its NAFTA obligations (and in contrast to increases in barriers for non-NAFTA suppliers of the Mexican market). After 1982, 7 years were

required for U.S. exports to recover; after December 1994, full recovery took place in just 19 months. Latin America (excluding Mexico) grew nearly 20 percent, and sales to the Pacific Rim countries (excluding Japan and China) grew 6.3 percent. These two regions represented 26 percent of 1997 exports, up from 24 percent in 1992.

Exports to China, after exhibiting slow growth in 1996 (2 percent), increased 6.8 percent in 1997. This increase in export growth was a result of increases in two major sectors: aircraft (commercial aircraft and parts) and machinery (computers, generators, and turbines). Exports to China in these categories increased by 14.6 percent in 1997. U.S. exports to China are dominated by higher-valued capital goods and industrial supplies, which account for some 80 percent of U.S. exports to China.

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U.S. exports to the countries belonging to APEC (Asian Pacific Economic Cooperation)<sup>2</sup> rose by nearly 10 percent in 1997 and nearly 64 percent between 1992 and 1997. U.S. exports to APEC members represent 63 percent of all U.S. exports.

## Imports

With the continued strong U.S. economic expansion, U.S. goods imports continued climbing in 1997, up 9.2 percent from the year before, but less than either 1994 or 1995 (13.4 percent and 12.1 percent, respectively). Over the last five years, goods imports have risen 63.6 percent as the economy moved out of the recession of the early 1990s into a period of sustained healthy growth (*table 3 and figure 3*).

Import growth appears to be driven importantly by demands created by U.S. industrial expansion (from 1992 to the end of 1997, U.S. real industrial output rose roughly 28 percent).

- Imports of capital goods led the way, rising 89.4 percent since 1992, 11.0 percent in 1997. The share of capital goods in total imports has risen from 25 percent in 1992 to 29 percent in 1997.
- Purchases of foreign industrial supplies and materials rose 4.4 percent last year (54.0 percent since 1992), testimony to the demands of industrial output growth in the United States. These goods accounted for nearly 25 percent of all goods imports last year.

Imports of consumer goods increased nearly 13 percent in 1997, almost double the 7 percent increase in 1996. Consumer goods accounted for nearly 22 percent of total goods imports in 1997. Purchases of foreign autos and auto parts grew

9.2 percent continuing a relatively steady growth, but down significantly from the increases of 16 percent in 1994 and 12 percent in 1993. Imports in consumer goods and automotive products have risen by 57 percent and 53 percent, respectively, in the last five years. The share of these two categories in total imports was 38 percent in 1997, down slightly from 40 percent in 1992.

Purchases of food, feeds, and beverages rose 11.2 percent in 1997. This sector's share of imports fell modestly from slightly more than 5 percent of goods imports in 1992 to 4.5 percent last year.

Manufactures and high technology imports were up 10.6 and 13.0 percent, respectively. Since 1992, imports of high technology are up 105 percent and manufactures imports increased 68 percent.

Imports from high income countries continue to increase more slowly (7.9 percent in 1997, 50.3 percent since 1992) than imports from low and middle income countries (11.1 percent in 1997, almost 81.9 percent in the last five years) (*table 4*). Imports from Mexico increased 15.5 percent in 1997 and have more than doubled in the last five years, reaching \$85.8 billion in 1997. The strength of the growth of imports from Mexico during 1995-1997 is related to strong growth of the U.S. economy and Mexico's balance-of-payments difficulties in 1994 and 1995 and the resulting sharp decline in the value of the peso vis a vis the dollar. China continued to be our fastest growing supplier of goods imports. Purchases from China increased by 21.4 percent in 1997. Imports from China have more than doubled since 1992, but account for only 7.1 percent of total U.S. goods imports. The increase in imports from China appears to be associated, in part, with the shifting of parts of the production processes depending on lower skilled workers from elsewhere in Asia where wages have risen significantly. Consumer goods, such as apparel, toys, and some areas of consumer electronics, now make up more than 70 percent of U.S. imports from China. As China's share of such U.S. imports has risen, that of some other Asian countries have fallen.

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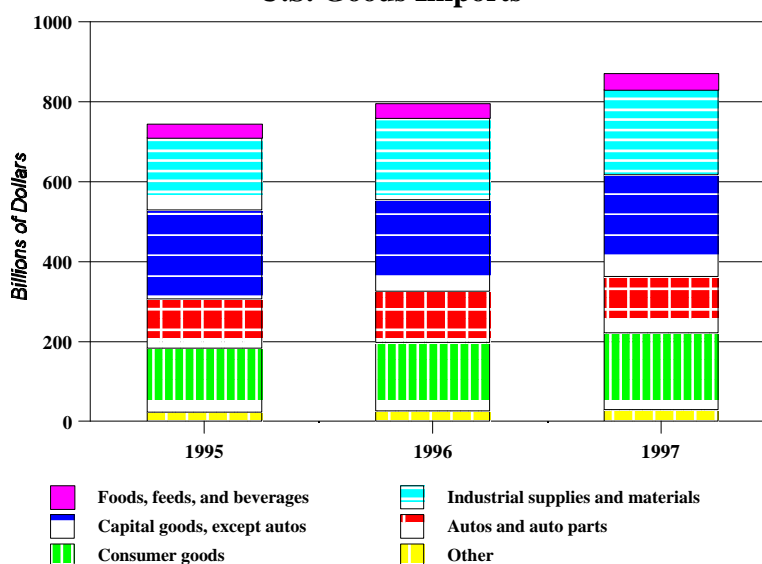
<sup>2</sup> The 18 countries belonging to APEC are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.

**Table 3:**  
**U.S. Goods Imports**

Imports:	1995	1996	1997	96-97	92-97
	<i>Billions of Dollars</i>			<i>Percent Change</i>	
<b>Total (BOP Basis)</b>	749.4	803.2	877.1	9.2%	63.6%
<b>Food, feeds, and beverages</b>	33.2	35.7	39.7	11.2%	43.8%
<b>Industrial supplies and materials</b>	181.8	204.5	213.5	4.4%	54.0%
<b>Capital goods, except autos</b>	221.4	229.1	254.3	11.0%	89.4%
<b>Autos and auto parts</b>	123.8	128.9	140.8	9.2%	53.4%
<b>Consumer goods</b>	159.9	171.0	192.9	12.8%	57.2%
<b>Other</b>	23.4	26.1	29.4	12.6%	66.1%
<b>Addendum: Agriculture</b>	29.3	32.6	35.1	7.9%	49.9%
<b>Addendum: Manufacturing</b>	629.7	658.8	728.6	10.6%	67.8%
<b>Addendum: High technology</b>	124.8	130.4	147.3	13.0%	104.9%

Source: U.S. Department of Commerce, Balance of Payments Basis for Total, Census Basis for Sectors.

**Figure 3:**  
**U.S. Goods Imports**



Source: U.S. Department of Commerce, Census Basis

<b>Table 4:</b> <b>U.S. Goods Imports from Selected Countries/Regions</b>					
Imports from:	1995	1996	1997	96-97	92-97
	<i>Billions of Dollars</i>			<i>Percent Change</i>	
Canada	144.4	155.9	168.1	7.8%	70.6%
European Union	131.9	142.9	157.5	10.2%	55.6%
Japan	123.5	115.2	121.4	5.4%	24.9%
Mexico	62.1	74.3	85.8	15.5%	143.9%
China	45.5	51.5	62.6	21.4%	143.6%
Pacific Rim, except Japan or China	119.7	123.3	131.1	6.3%	54.1%
Latin America, except Mexico	42.5	49.5	53.7	8.3%	60.1%
Addendum: High Income Countries	420.2	436.3	471.0	7.9%	50.3%
Addendum: Low to Middle Income Countries	323.3	358.9	398.9	11.1%	81.9%
Addendum: APEC	507.5	533.0	582.8	9.3%	66.3%
Source: U.S. Department of Commerce, Census Basis					

Imports from Latin America (excluding Mexico) increased by 8.3 percent in 1997 and have increased 60.1 percent since 1992, more than the 54.0 percent increase in U.S. exports in this time period. Imports from the Pacific Rim (excluding Japan and China) have risen 54.1 percent since 1992, but only 6.3 percent in 1997. This region represented 15 percent of total U.S. imports in 1997.

Imports from Canada were up 7.8 percent in 1997 (nearly 71 percent since 1992), those from the European Union rose 10.2 percent in 1997 (up 56 percent in the last five years).

Imports from Japan increased by 5.4 percent in 1997 and have increased 24.9 percent since 1992. Purchases from Japan in 1997 represented 13.8 percent of U.S. imports, as compared to 18.1 percent during 1992.

U.S. imports from the countries belonging to APEC increased by 9.3 percent during 1997 (less than our exports to these countries), and by 66.3 percent between 1992 and 1997. U.S. imports from APEC members represent 66 percent of total U.S. imports in 1997.

## Services Trade

Exports of services continued to grow, but at a slower rate than in the late 1980s. Services exports reached \$253 billion in 1997, up 42.8 percent since 1992. Import growth was slightly lower than export growth, up 39.4 percent since 1992, to \$167.9 billion in 1997. As a result, the services trade surplus increased to \$85 billion in 1997, up 50 percent since 1992. The growth in the services trade surplus continued to help offset approximately 43 percent of the deficit in the goods account. The combined deficit on goods and services therefore slightly increased by 2 percent in 1997 (*table 5 and figure 4*).



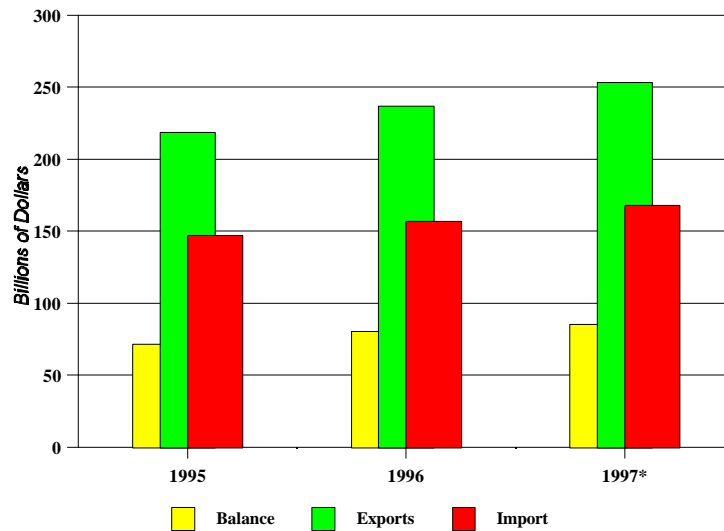
High income countries, and fast-growing low and middle income countries in the Pacific Rim and Latin America, are rapidly increasing their demand for services both for final consumption and as inputs to manufacturing and primary industries. Disciplines are being developed through Uruguay Round implementation with respect to curtailing U.S. trade partners' ability to discriminate against efficient U.S. service exports. The resulting more open markets will aid in

expanding U.S. service exports. As the world's largest exporter of services (as of goods, as well), the United States is in an excellent position to take advantage of any growth in demand for services. Business, professional, technical, environmental, communication, and other services important to economic development as well as entertainment and travel services, are areas of great U.S. strength which should benefit from more open markets and stronger global growth.

**Table 5**  
**U.S. Trade in Services**

<b>Balance:</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>96-97</b>	<b>92-97</b>
	<i>Billions of Dollars</i>			<i>Percent Change</i>	
<b>Overall balance</b>	71.7	80.1	85.3	6.5%	50.0%
<b>Exports</b>	218.7	236.8	253.2	6.9%	42.8%
<b>Imports</b>	147.0	156.6	167.9	7.2%	39.4%
<b>Addendum: Goods and services balance</b>	-101.9	-111.0	-113.7		
<b>Source: U.S. Department of Commerce, Balance of Payments Basis</b>					

**Figure 4:**  
**U.S. Trade in Services**



Source: U.S. Department of Commerce, Balance of Payments Basis

## The U.S. Trade Deficit

The U.S. goods and services deficit increased slightly, from \$111.0 billion to \$113.7 billion, or less than 3 percent, despite a strong domestic economy (*table 6*). The U.S. goods trade deficit increased by 4.1 percent in 1997, considerably slower than the 38 percent and

25 percent jump in 1993 and 1994, respectively. Since 1992, the goods trade gap has widened 107 percent. As a share of U.S. GDP, it has risen from 1.5 percent -- the end of the recession -- to 2.5 percent in 1997 (*table 7*). Although export growth exceeded import growth in 1997, import growth was on a larger 1996 base, and the trade deficit grew somewhat from \$191.2 to \$199.0 billion.

<b>Table 6</b> <b>U.S. Trade Balances with the World</b>			
<b>Balance:</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
	<i>Billions of Dollars</i>		
<b>Goods and Services (BOP Basis)</b>	-101.9	-111.0	-113.7
<b>Goods (BOP Basis)</b>	-173.6	-191.2	-199.0
<b>Services (BOP Basis)</b>	71.7	80.1	85.3
<b>Source: U.S. Department of Commerce, Balance of Payments Basis for World, Census Basis for Countries/Regions.</b>			

<b>Table 7</b> <b>U.S. Trade Balances as a share of GDP</b>				
<b>Share of GDP:</b>	<b>1987</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
	<i>Percent</i>			
<b>Goods and Services (BOP Basis)</b>	-3.3	-1.4	-1.5	-1.4
<b>Goods (BOP Basis)</b>	-3.4	-2.4	-2.5	-2.5
<b>Services (BOP Basis)</b>	0.1	1.0	1.0	1.1
<b>Source: U.S. Department of Commerce</b>				

The rise in our trade deficit since 1992 is, in fact, related to the favorable performance of the U.S. economy. The U.S. economy began to recover earlier than other countries from the global recession of the early 1990s and to grow faster than the markets of many of our major trade partners. As a result, our demand for imports rose at a time when foreign demand for U.S. exports was dampened by lack of growth in foreign purchasing power. For example, U.S. industrial production grew by 28 percent in real terms over the last five years. In contrast, the level of industrial production in Japan grew only 4.3 percent and Germany by 4.2 percent. Similarly for employment, the 14.3 million job increase since January 1992 stands in sharp contrast to near zero (500,000) job growth in the other high-income, large industrial economies of the G-7.

In early 1998, export growth is widely expected to continue this year, albeit at rates slower than in 1997. The weakening of several Asian economies during 1997 and the subsequent ripple effect on their major trading partners suggests deterioration in the U.S. trade balance with Asia in 1998 and some further deterioration in the overall trade balance. Factors influencing the trade deficit both positively and negatively in 1998 include:

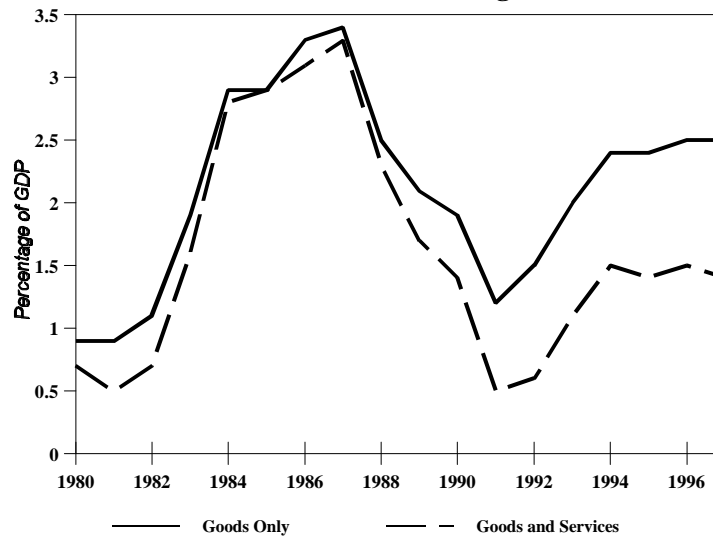
- the decline in economic growth in Asia and the balance-of-payments adjustment process in a number of these countries that should slow the regions imports and expand exports;
- the extent and timeliness of the stabilization of the Asian situation in part through economic reform and the monetary assistance granted by international lending institution to finance economic recovery;
- Sustained or stronger growth in a number of our other major trade partners (Mexico, Canada, the EU);
- The price of petroleum;

- the continuation of foreign market opening through the continued phase-in of recently concluded agreements (e.g. the NAFTA and Uruguay Round), the enforcement of market opening disciplines already accepted by U.S. trade partners, and efforts on behalf of new market opening agreements;
- the continued efforts of U.S. firms and workers -- the world's most productive -- to produce better products more efficiently;
- the effects of a stronger dollar (moderate rates of U.S. product price inflation); and
- progress in raising U.S. domestic saving relative to investment, in particular through a strengthened U.S. federal budget balance position.

If indeed the trade deficit as a share of GDP increases in 1998, due in part, to the weakened economies in Asia, it may however remain smaller relative to outsized deficits of the mid-1980s. At their previous peaks in 1987, the U.S. goods deficit represented 3.4 percent of GDP and the U.S. goods and services deficit 3.3 percent of GDP. In 1997, the deficit relative to GDP for goods alone, at 2.5 percent, was nearly a third lower than in 1987, while the deficit relative to GDP for goods and services, at 1.4 percent was less than half of 1987's 3.3 percent level (*figure 5*).

Bilaterally in 1997, the United States reduced its goods trade deficit with NAFTA partners by 21 percent (deficits with Mexico and Canada declined 17 and 24 percent, respectively). The U.S. surplus with Latin America, excluding Mexico, more than tripled in 1997 to \$9.4 billion. United States' deficits, however, increased with Japan (up 17 percent), with China (up 26 percent), and with APEC (up 8.4 percent) in 1997 (*table 8*).

**Figure 5:**  
**Trade Deficit as a Percentage of GDP**



Source: U.S. Department of Commerce

**Table 8**  
**U.S. Merchandise Trade Balance with Selected Countries/Regions**

Balance with:	1995	1996	1997
	<i>Billions of Dollars</i>		
World (BOP Basis)	-173.6	-191.2	-199.0
Canada	-17.1	-21.7	-16.6
European Union	-8.2	-15.2	-16.7
Japan	-59.1	-47.6	-55.7
Mexico	-15.8	-17.5	-14.5
China	-33.8	-39.5	-49.7
Pacific Rim, except Japan or China	-15.2	-14.7	-15.7
Latin America, except Mexico	7.5	3.1	9.4
Addendum: High Income Countries	-78.5	-76.1	-81.5
Addendum: Low to Middle Income Countries	-80.9	-94.7	-99.8
Addendum: APEC	-143.2	-142.4	-154.3

Source: U.S. Department of Commerce, Balance of Payments Basis for World, Census Basis for Countries/Regions.

